



1999 SMALL BUSINESS PROFILE: WEST VIRGINIA

By any measure, small businesses are critical to the economic well-being of West Virginia. They create new businesses (and the new jobs that go with them); bring new and innovative services and products to the marketplace; and provide business ownership opportunities to diverse (and traditionally underrepresented) groups. These contributions are clearly established in the statistical portrait contained in this *Small Business Profile* compiled by the U.S. Small Business Administration's Office of Advocacy.

Number of Businesses. In 1998 there were 38,400 businesses with employees, of which approximately 97 percent were small businesses (fewer than 500 employees). The number of small businesses with employees increased by 1.2 percent from 38,000 in 1997. There were also 61,000 self-employed persons in 1998. While there is some overlap between these two groups (firms with employees and self-employed persons), a rough calculation puts the total number of businesses at 99,400. (Sources: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Bureau of the Census; U.S. Dept. of Labor, Bureau of Labor Statistics)

Women-Owned Businesses. There were 22,000 self-employed women in 1998, representing 36.1 percent of total self-employment in the state. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics)

Minority-Owned Businesses. According to the latest figures available, there were 2,070 minority-owned businesses in 1992, including 1,093 Black-owned businesses; 313 Hispanic-owned firms; and 712 firms owned by Asians, Pacific Islanders, American Indians, and Alaskan Natives. (Data may not add to the total because an owner may be a member of more than one minority group.) Of these businesses, 552 had employees, with employment totaling 2,600. (Source: U.S. Dept. of Commerce, Bureau of the Census)

Business Turnover. In 1998, 4,400 new employer firms were formed, 46.3 percent more than the number formed in 1997. There were 5,600 business terminations in 1998, a 7.1 percent decrease from 1997. Business bankruptcies totaled 300 in 1998, a 10.4 percent decrease from 1997. (Sources: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Bureau of the Census)

Employment. In 1996, businesses with fewer than 500 employees accounted for 298,900 employees, or 56.5 percent of the state's 529,300 private-sector non-farm employment. Small-business employment was concentrated in the following sectors; construction, wholesale trade, and services (see Table 1.) Small businesses added a net total of 4,700 employees between 1995 and 1996, accounting for all private non-farm employment growth in the state (see Table 2). The industries with the largest percent increases in employment among small businesses were: industrial machinery and equipment; miscellaneous retail trade; and auto repair, services, and parking (see Table 3). (Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses)

Recent figures show that small firm job growth has continued. According to data prepared for the SBA's Office of

Advocacy by Cognetics, Inc., non-farm businesses added 1,500 net new jobs in the state between 1994 and 1998. In almost all industries, the most prolific job creators were firms with fewer than five employees. (Source: Cognetics, Inc.)

Small Business Income. There is no single measure of small business profitability because they may operate as sole proprietorships, partnerships, or corporations. A partial measure — non-farm proprietors' income — totaled \$2.1 billion in 1998, an increase of 4.1 percent from \$2.1 billion in 1997. (Source: U.S. Dept. of Commerce)

Finance. The SBA's Office of Advocacy ranked the 95 banks in the state that filed "call reports" with federal banking regulators on the basis of dollar value, number, and percentage of small commercial loans (under \$1 million) outstanding on June 30, 1998. (See Table 4 for the top-ranking small-business-friendly banks.) In addition to these banks, small businesses seeking loans should consider lenders that participate in the SBA's loan programs (so-called "preferred" or "certified" lenders); for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722. Small businesses looking for qualified investors can also turn to the Access to Capital Electronic Network (*ACE-Net*). For more information, contact an *ACE-Net* operator at (304) 366-2577 or via e-mail at lamilov@wvhtf.org

To learn more about the Office of Advocacy's data, analyses, and research reports on small business, call (202) 205-6530 or visit the office's Web site at www.sba.gov/advo.

TABLES

Table 1. Employment by Industry and Firm Size, 1996 (thousands)

Industry	Total	Firm Size by Number of Employees		< 500 as Percent of Industry Total
		1-19	1-499	
Total non-farm employment	529.3	122.4	298.9	56.5
Agricultural services	2.4	*	1.8	*
Mining	25.6	*	9.1	*
Construction	29.4	14.4	27.6	93.6
Manufacturing	77.6	6.8	29.3	37.7
Transportation, communications, and utilities	34.5	6.5	15.8	45.7
Wholesale trade	28.6	7.9	18.9	66.1
Retail trade	127.2	29.9	72.9	57.3
Finance, insurance, and real estate	24.9	6.4	12.7	50.8
Services	178.9	46.6	110.8	61.9
Unclassified	0.1	0.1	0.1	100.0

* Data not available due to disclosure restrictions.

Source: U.S. Dept. of Commerce, Bureau of the Census.

Table 2. Non-Farm Job Gains and Losses by Firm Size, 1995–1996 (thousands)

	<i>Firm Size</i>		
	<i>Total</i>	<i>1–19</i>	<i>1–499</i>
Gains:			
New establishments	28.7	10.0	17.1
Expanding establishments	45.8	17.2	32.0
Losses:			
Downsized establishments	(52.2)	(12.2)	(28.4)
Closed establishments	(24.3)	(9.5)	(16.0)
Net change in employment	(2.0)	5.4	4.7

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 3. Fastest Small Business Employment Growth by Industry, 1995–1996 (thousands)

<i>Industry</i>	<i>SIC</i>	<i>Small Business Employment 1996</i>	<i>Net Change*</i>	<i>Percent Change</i>
Total, all industries		298.9	3.2	1.1
Industrial machinery and equipment	3500	3.5	0.2	5.8
Miscellaneous retail	5900	8.8	0.5	5.4
Auto repair, services, and parking	7500	4.0	0.2	4.9
Fabricated metal products	3400	3.0	0.1	4.8
Hotels and other lodging places	7000	5.0	0.1	2.8

* Net change in Table 2 differs by definition from net change in Table 3. Table 2 uses dynamic data to track changes in individual businesses over time, whereas Table 3 uses static data to take snapshots of the universe of businesses at two different points in time.

Note: Table shows the top five industries. Includes only businesses with fewer than 500 employees. Industries with less than 1 percent change in small business employment are not included.

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 4. Small-Business-Friendly Banks, 1998

<i>Bank Name</i>	<i>Location</i>
F&M Bank–West Virginia	Ranson
Matewan National Bank	Williamson
Traders Bank	Spencer
First National Bank in Marlinton	Marlinton
One Valley Bank of Huntington	Huntington
Greenbrier Valley National Bank	Lewisburg
Bruceton Bank	Bruceton Mills
Belmont National Bank	Wheeling
Belington Bank	Belington
Logan Bank and Trust Company	Logan
Progressive Bank N.A.	Wheeling
Bank of Raleigh	Beckley
City National Bank of West Virginia	Charleston

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's Web site at www.sba.gov/advo/lending/inus2.html.